

Senate Amendment 3275

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1 1 Amend House File 882, as amended, passed, and
1 2 reprinted by the House, as follows:
1 3 #1. Page 48, by inserting after line 26, the
1 4 following:
1 5 <DIVISION ____
1 6 PUBLIC RETIREMENT SYSTEMS
1 7 Sec. ____ Section 97B.11, Code 2005, is amended to
1 8 read as follows:
1 9 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.
1 10 1. Each employer shall deduct from the wages of
1 11 each member of the retirement system a contribution in
1 12 the amount of ~~three and seven-tenths percent~~ the
1 13 applicable employee percentage of the covered wages
1 14 paid by the employer, until the member's termination
1 15 from employment. The contributions of the employer
1 16 shall be in the amount of ~~five and seventy-five~~
1 17 ~~hundredths percent~~ the applicable employer percentage
1 18 of the covered wages of the member.
1 19 2. For purposes of this section, unless the
1 20 context otherwise requires:
1 21 a. "Applicable employee percentage" means the
1 22 percentage rate equal to three and seven-tenths
1 23 percent plus forty percent of the total additional
1 24 percentage.
1 25 b. "Applicable employer percentage" means the
1 26 percentage rate equal to five and seventy-five
1 27 hundredths percent plus sixty percent of the total
1 28 additional percentage.
1 29 c. "Total additional percentage" means as follows:
1 30 (1) For the fiscal period beginning July 1, 2006,
1 31 through June 30, 2014, the total additional percentage
1 32 for a fiscal year shall be the total additional
1 33 percentage for the prior fiscal year plus, only if the
1 34 total comparison percentage is greater than the total
1 35 of the applicable employee percentage and the
1 36 applicable employer percentage for the prior fiscal
1 37 year, one-half percentage point.
1 38 (2) For each fiscal year beginning on or after
1 39 July 1, 2014, the total additional percentage shall be
1 40 the total additional percentage for the prior fiscal
1 41 year.
1 42 d. "Total comparison percentage" means the
1 43 percentage rate that the system determines, based upon
1 44 the most recent actuarial valuation of the retirement
1 45 system, would be sufficient to amortize the unfunded
1 46 actuarial liability of the retirement system in ten
1 47 years.
1 48 Sec. ____ Section 97B.49C, subsection 3, paragraph
1 49 a, Code 2005, is amended to read as follows:
1 50 a. Annually, the system shall actuarially
2 1 determine the cost of the benefits provided for
2 2 members covered under this section as a percentage of
2 3 the covered wages of the employees covered by this
2 4 section. Fifty Notwithstanding any provision of
2 5 section 97B.11 to the contrary, fifty percent of the
2 6 cost shall be paid by the employers of employees
2 7 covered under this section and fifty percent of the
2 8 cost shall be paid by the employees. The employer and
2 9 employee contributions required under this paragraph
2 10 are in lieu of the shall be treated as contributions
2 11 paid under sections 97B.11 and 97B.11A.
2 12 Sec. ____ Section 97B.50A, subsection 12, Code
2 13 2005, is amended to read as follows:
2 14 12. ~~ADDITIONAL~~ CONTRIBUTIONS. The expenses
2 15 incurred in the administration of this section by the
2 16 system shall be paid through ~~additional~~ contributions
2 17 as determined pursuant to section 97B.49B, subsection
2 18 3, or section 97B.49C, subsection 3, as applicable.
2 19 Sec. ____ PUBLIC RETIREMENT SYSTEMS COMMITTEE ==
2 20 PENSION FLEXIBILITY REVIEW == REPORT.
2 21 1. The public retirement systems committee
2 22 (committee) established by section 97D.4 shall conduct
2 23 a review of various options to provide persons covered
2 24 under the Iowa public employees' retirement system

2 25 (IPERS) additional flexibility in plan design with
2 26 features incorporating aspects of defined contribution
2 27 type vehicles. In conducting its review, the
2 28 committee shall consider previous studies and reports
2 29 on pension flexibility issues in Iowa and across the
2 30 country, and shall solicit input on pension
2 31 flexibility issues from IPERS staff, the IPERS
2 32 benefits advisory committee, and other interested
2 33 parties.

2 34 2. The committee's review of pension flexibility
2 35 issues shall consider, among other ideas, the
2 36 following:

2 37 a. Ways in which IPERS can assist employers in
2 38 expanding existing supplemental plans offered by
2 39 public employers.

2 40 b. Ways in which IPERS could offer its own defined
2 41 contribution type supplementary plan vehicle to
2 42 complement its core defined benefit plan.

2 43 c. Ways in which IPERS could provide a cost of
2 44 living or favorable experience dividend benefit to
2 45 members through either defined contribution or
2 46 alternative defined benefit type plans.

2 47 d. Various hybrid plan designs incorporating
2 48 features of both defined benefit and defined
2 49 contribution plan vehicles, including, but not limited
2 50 to, an integrated defined benefit and defined
3 1 contribution plan, a floor-offset plan, or a pension
3 2 equity plan.

3 3 3. The committee shall submit a report to the
3 4 general assembly by January 1, 2006, which report
3 5 shall contain, in addition to any other findings and
3 6 recommendations concerning public retirement systems
3 7 in Iowa, its findings and recommendations concerning
3 8 its review of pension flexibility issues, including
3 9 any proposal or proposals regarding adding additional
3 10 flexibility in IPERS' plan design for the benefit of
3 11 IPERS covered employees and employers.

3 12 Sec. _____. Section 602.9104, Code 2005, is amended
3 13 to read as follows:

3 14 602.9104 DEDUCTIONS FROM JUDGES' SALARIES ==
3 15 CONTRIBUTIONS BY STATE.

3 16 1. a. A judge to whom this article applies shall
3 17 be paid an amount equal to ~~ninety-five percent~~ of the
3 18 basic salary of the judge as set by the general
3 19 assembly. ~~An reduced by an amount equal to five~~
~~3 20 percent of the basic salary of the judge as set by the~~
~~3 21 general assembly is designated as the judge's required~~
3 22 contribution to the judicial retirement fund, and,
3 23 The amount designated as the judge's required
3 24 contribution shall be paid by the state in the manner
3 25 provided in subsection 2.

3 26 b. The state shall contribute annually to the
3 27 judicial retirement fund an amount equal to the
3 28 state's required contribution for all judges covered
3 29 under this article. The state's required contribution
3 30 shall be appropriated directly to the judicial
3 31 retirement fund by the general assembly.

3 32 2. The amount designated in ~~subsection 1~~ as the
3 33 judge's required contribution to the judicial
3 34 retirement fund shall be paid by the department of
3 35 administrative services from the general fund of the
3 36 state to the court administrator for deposit with the
3 37 treasurer of state to the credit of the judicial
3 38 retirement fund. Moneys in the fund are appropriated
3 39 for the payment of annuities, refunds, and allowances
3 40 provided by this article, except that the amount of
3 41 the appropriations affecting payment of annuities,
3 42 refunds, and allowances to judges of the municipal and
3 43 superior court is limited to that part of the fund
3 44 accumulated for their benefit as provided in this
3 45 article. The corpus and income of the fund shall be
3 46 used only for the exclusive benefit of the judges
3 47 covered under this article, their survivors, or an
3 48 alternate payee who is assigned benefits pursuant to a
3 49 domestic relations order.

3 50 3. A judge covered under this article is deemed to
4 1 consent to the reduction in basic salary as provided
4 2 in subsection 1.

4 3 4. ~~a.~~ As used in this ~~subsection~~ section, unless
4 4 the context otherwise requires:

4 5 ~~(1)~~ a. "Actuarial valuation" means an actuarial

4 6 valuation of the judicial retirement system or an
4 7 annual actuarial update of an actuarial valuation, as
4 8 required pursuant to section 602.9116.
4 9 (2) b. "Fully funded status" means that the most
4 10 recent actuarial valuation reflects that, using the
4 11 projected unit credit method in accordance with
4 12 generally recognized and accepted actuarial principles
4 13 and practices set forth by the American academy of
4 14 actuaries, the funded status of the system is at least
4 15 one hundred ninety percent, based upon the benefits
4 16 provided for judges through the judicial retirement
4 17 system as of July 1, 2005.
4 18 c. "Judge's required contribution" means an amount
4 19 equal to the basic salary of the judge multiplied by
4 20 the following applicable percentage:
4 21 (1) For the fiscal year beginning July 1, 2005,
4 22 and for each subsequent fiscal year until the system
4 23 attains fully funded status, six percent multiplied by
4 24 a fraction equal to the actual percentage rate
4 25 contributed by the state for that fiscal year divided
4 26 by twenty-three and seven-tenths percent.
4 27 (2) Commencing with the first fiscal year in which
4 28 the system attains fully funded status, and for each
4 29 subsequent fiscal year, the percentage rate equal to
4 30 fifty percent of the required contribution rate.
4 31 (3) d. "Required contribution rate" means that
4 32 percentage of the basic salary of all judges covered
4 33 under this article which, in addition to the judge's
4 34 contribution established in subsection 1, the actuary
4 35 of the system determines is necessary, using the
4 36 projected unit credit method in accordance with
4 37 generally recognized and accepted actuarial principles
4 38 and practices set forth by the American academy of
4 39 actuaries, to maintain fully funded status amortize
4 40 the unfunded actuarial liability of the judicial
4 41 retirement system within twenty years.
4 42 e. "State's required contribution" means an amount
4 43 equal to the basic salary of all judges covered under
4 44 this article multiplied by the following applicable
4 45 percentage:
4 46 (1) For the fiscal year beginning July 1, 2005,
4 47 and for each subsequent fiscal year until the system
4 48 attains fully funded status, twenty-three and seven-
4 49 tenths percent.
4 50 (2) Commencing with the first fiscal year in which
5 1 the system attains fully funded status, and for each
5 2 subsequent fiscal year, the percentage rate equal to
5 3 fifty percent of the required contribution rate.
5 4 b. Effective with the fiscal year commencing July
5 5 1, 1994, and for each subsequent fiscal year until the
5 6 system attains fully funded status, based upon the
5 7 benefits provided for judges through the judicial
5 8 retirement system as of July 1, 2001, the state shall
5 9 contribute annually to the judicial retirement fund an
5 10 amount equal to at least twenty-three and seven-
5 11 tenths percent of the basic salary of all judges
5 12 covered under this article. Commencing with the first
5 13 fiscal year in which the system attains fully funded
5 14 status, based upon the benefits provided for judges
5 15 through the judicial retirement system as of July 1,
5 16 2001, and for each subsequent fiscal year, the state
5 17 shall contribute to the judicial retirement fund the
5 18 required contribution rate. The state's contribution
5 19 shall be appropriated directly to the judicial
5 20 retirement fund.
5 21 Sec. _____. Section 602.9106, Code 2005, is amended
5 22 to read as follows:
5 23 602.9106 RETIREMENT.
5 24 Any person who shall have become separated from
5 25 service as a judge of any of the courts included in
5 26 this article and who has had an aggregate of at least
5 27 ~~six~~ four years of service as a judge of one or more of
5 28 such courts and shall have attained the age of sixty=
5 29 five years or who has had ~~twenty-five~~ twenty years of
5 30 consecutive service as a judge of one or more of said
5 31 courts and shall have attained the age of fifty years,
5 32 and who shall have otherwise qualified as provided in
5 33 this article, shall be entitled to an annuity as
5 34 hereinafter provided.
5 35 Sec. _____. Section 602.9107, subsection 1,
5 36 paragraph a, Code 2005, is amended to read as follows:

5 37 a. The annual annuity of a judge under this system
5 38 is an amount equal to three ~~and one-fourth~~ percent of
5 39 the judge's average annual basic salary for the
5 40 judge's highest three years as a judge of one or more
5 41 of the courts included in this article, multiplied by
5 42 the judge's years of service as a judge of one or more
5 43 of the courts for which contributions were made to the
5 44 system. However, an annual annuity shall not exceed
5 45 an amount equal to a specified percentage of the
5 46 highest basic annual salary which the judge is
5 47 receiving or had received as of the time the judge
5 48 became separated from service. Forfeitures shall not
5 49 be used to increase the annuities a judge or survivor
5 50 would otherwise receive under the system.

6 1 Sec. _____. Section 602.9107, subsection 1,
6 2 paragraph b, subparagraph (4), Code 2005, is amended
6 3 to read as follows:

6 4 (4) For judges who retire and receive an annuity
6 5 on or after July 1, 2001, but before July 1, 2005, the
6 6 specified percentage shall be sixty percent.

6 7 Sec. _____. Section 602.9107, subsection 1,
6 8 paragraph b, Code 2005, is amended by adding the
6 9 following new subparagraph:

6 10 NEW SUBPARAGRAPH. (5) For judges who retire and
6 11 receive an annuity on or after July 1, 2005, the
6 12 specified percentage shall be sixty-five percent.

6 13 Sec. _____. Section 602.9107C, subsection 1, Code
6 14 2005, is amended to read as follows:

6 15 1. A judge under this system who has at least ~~six~~
6 16 four years of service as a judge of any of the courts
6 17 included in this article and who was a member of the
6 18 Iowa public employees' retirement system as provided
6 19 in chapter 97B, but who was not retired under that
6 20 system, upon submitting verification of membership and
6 21 service in the Iowa public employees' retirement
6 22 system to the court administrator, including proof
6 23 that the judge has no further claim upon a retirement
6 24 benefit from that public system, may make
6 25 contributions as provided by this section to the
6 26 system either for the entire period of service in the
6 27 other public system, or for partial service in the
6 28 other public system in increments of one or more
6 29 calendar quarters, and receive credit for that service
6 30 under the system.

6 31 Sec. _____. Section 602.9108, Code 2005, is amended
6 32 to read as follows:

6 33 602.9108 INDIVIDUAL ACCOUNTS == REFUNDING.

6 34 The amount designated as the judge's contribution
6 35 to the judicial retirement fund in section 602.9104,
6 36 ~~subsection 1~~, and all amounts paid into the fund by a
6 37 judge shall be credited to the individual account of
6 38 the judge. If a judge covered under this article
6 39 becomes separated from service as a judge before the
6 40 judge completes an aggregate of ~~six~~ four years of
6 41 service as a judge of one or more of the courts, the
6 42 total amount in the judge's individual account shall
6 43 be returned to the judge or the judge's legal
6 44 representatives within one year of the separation. If
6 45 a judge, who is covered under this article and who has
6 46 completed an aggregate of ~~six~~ four years or more of
6 47 service as a judge of one or more of the courts, dies
6 48 before retirement, without a survivor, the total
6 49 amount in the judge's individual account shall be paid
6 50 in one sum to the judge's legal representatives within
7 1 one year of the judge's death. If an annuitant under
7 2 this section dies without a survivor, and without
7 3 having received in annuities an amount equal to the
7 4 total amount in the judge's individual account at the
7 5 time of separation from service, the amount remaining
7 6 to the annuitant's credit shall be paid in one sum to
7 7 the annuitant's legal representatives within one year
7 8 of the annuitant's death.

7 9 Sec. _____. Section 602.9112, Code 2005, is amended
7 10 to read as follows:

7 11 602.9112 VOLUNTARY RETIREMENT FOR DISABILITY.

7 12 Any judge of the supreme, district or municipal
7 13 court, including a district associate judge, or a
7 14 judge of the court of appeals, who shall have served
7 15 as a judge of one or more of such courts for a period
7 16 of ~~six~~ four years in the aggregate and who believes
7 17 the judge has become permanently incapacitated,

7 18 physically or mentally, to perform the duties of the
7 19 judge's office may personally or by the judge's next
7 20 friend or guardian file with the court administrator a
7 21 written application for retirement. The application
7 22 shall be filed in duplicate and accompanied by an
7 23 affidavit as to the duration and particulars of the
7 24 judge's service and the nature of the judge's
7 25 incapacity. The court administrator shall forthwith
7 26 transmit one copy of the application and affidavit to
7 27 the chief justice who shall request the attorney
7 28 general in writing to cause an investigation to be
7 29 made relative to the claimed incapacity and report
7 30 back the results thereof in writing. If the chief
7 31 justice finds from the report of the attorney general
7 32 that the applicant is permanently incapacitated,
7 33 physically or mentally, to perform the duties of the
7 34 applicant's office the chief justice shall by
7 35 endorsement thereon declare the applicant retired, and
7 36 the office vacant, and shall file the report in the
7 37 office of the court administrator, and a copy in the
7 38 office of the secretary of state. From the date of
7 39 such filing the applicant shall be deemed retired from
7 40 the applicant's office and entitled to the benefits of
7 41 this article to the same extent as if the applicant
7 42 had retired under the provisions of section 602.9106.

7 43 Sec. _____. Section 602.9115A, unnumbered paragraphs
7 44 1 and 3, Code 2005, are amended to read as follows:

7 45 In lieu of the annuities and refunds provided for
7 46 judges and judges' survivors under sections 602.9107,
7 47 ~~602.9107A~~, 602.9108, 602.9115, 602.9204, 602.9208, and
7 48 602.9209, judges may elect to receive an optional
7 49 retirement annuity during the judge's lifetime and
7 50 have the optional retirement annuity, or a designated
8 1 fraction of the optional retirement annuity, continued
8 2 and paid to the judge's survivor after the judge's
8 3 death and during the lifetime of the survivor.

8 4 The optional retirement annuity shall be the
8 5 actuarial equivalent of the amounts of the annuities
8 6 payable to judges and survivors under sections
8 7 602.9107, ~~602.9107A~~, 602.9115, 602.9204, 602.9208, and
8 8 602.9209. The actuarial equivalent shall be based on
8 9 the mortality and interest assumptions set out in
8 10 section 602.9107, subsection 3.

8 11 Sec. _____. Section 602.9116, subsection 1, Code
8 12 2005, is amended to read as follows:

8 13 1. The court administrator shall cause an
8 14 actuarial valuation to be made of the assets and
8 15 liabilities of the judicial retirement fund at least
8 16 once every four years commencing with the fiscal year
8 17 beginning July 1, 1981. For each fiscal year in which
8 18 an actuarial valuation is not conducted, the court
8 19 administrator shall cause an annual actuarial update
8 20 to be prepared for the purpose of determining the
8 21 adequacy of the contribution rates specified in
8 22 section 602.9104, ~~subsection 4~~. The court
8 23 administrator shall adopt mortality tables and other
8 24 necessary factors for use in the actuarial
8 25 calculations required for the valuation upon the
8 26 recommendation of the actuary. Following the
8 27 actuarial valuation or annual actuarial update, the
8 28 court administrator shall determine the condition of
8 29 the system and shall report its findings and
8 30 recommendations to the general assembly.

8 31 Sec. _____. Section 602.9203, subsection 2,
8 32 paragraph b, Code 2005, is amended to read as follows:

8 33 b. Meets the minimum requirements for entitlement
8 34 to an annuity as specified in section 602.9106.
8 35 However, a judge who elects to retire prior to
8 36 attaining the age of sixty-five and who has not had
8 37 ~~twenty-five~~ twenty years of consecutive service, may
8 38 serve as a senior judge, but shall not be paid an
8 39 annuity pursuant to section 602.9204 until attaining
8 40 age sixty-five.

8 41 Sec. _____. Section 602.9204, subsection 1, Code
8 42 2005, is amended to read as follows:

8 43 1. A judge who retires on or after July 1, 1994,
8 44 and who is appointed a senior judge under section
8 45 602.9203 shall be paid a salary as determined by the
8 46 general assembly. A senior judge or retired senior
8 47 judge shall be paid an annuity under the judicial
8 48 retirement system in the manner provided in section

8 49 602.9109, but computed under this section in lieu of
8 50 section 602.9107, as follows: The annuity paid to a
9 1 senior judge or retired senior judge shall be an
9 2 amount equal to ~~three percent the applicable~~
9 3 ~~percentage multiplier~~ of the basic senior judge
9 4 salary, multiplied by the judge's years of service
9 5 prior to retirement as a judge of one or more of the
9 6 courts included under this article, for which
9 7 contributions were made to the system, except the
9 8 annuity of the senior judge or retired senior judge
9 9 shall not exceed an amount equal to the applicable
9 10 specified percentage of the basic senior judge salary
9 11 used in calculating the annuity. However, following
9 12 the twelve-month period during which the senior judge
9 13 or retired senior judge attains seventy-eight years of
9 14 age, the annuity paid to the person shall be an amount
9 15 equal to ~~three percent the applicable percentage~~
9 16 ~~multiplier~~ of the basic senior judge salary cap,
9 17 multiplied by the judge's years of service prior to
9 18 retirement as a judge of one or more of the courts
9 19 included under this article, for which contributions
9 20 were made to the system, except that the annuity shall
9 21 not exceed an amount equal to the applicable specified
9 22 percentage of the basic senior judge salary cap. A
9 23 senior judge or retired senior judge shall not receive
9 24 benefits calculated using a basic senior judge salary
9 25 established after the twelve-month period in which the
9 26 senior judge or retired senior judge attains seventy=
9 27 eight years of age. The state shall provide,
9 28 regardless of age, to an active senior judge or a
9 29 senior judge with six years of service as a senior
9 30 judge and to the judge's spouse, and pay for medical
9 31 insurance until the judge attains the age of seventy=
9 32 eight years.
9 33 Sec. _____. Section 602.9204, subsection 2, Code
9 34 2005, is amended by adding the following new
9 35 paragraph:
9 36 NEW PARAGRAPH. 0a. "Applicable percentage
9 37 multiplier" means as follows:
9 38 (1) For a senior judge or retired senior judge who
9 39 retired as a judge and received an annuity prior to
9 40 July 1, 2005, three percent.
9 41 (2) For a senior judge or a retired senior judge
9 42 who retired as a judge and received an annuity on or
9 43 after July 1, 2005, three and one-fourth percent.
9 44 Sec. _____. Section 602.9107A, Code 2005, is
9 45 repealed.>
9 46 #2. By renumbering as necessary.
9 47
9 48
9 49
9 50 MIKE CONNOLLY
10 1
10 2
10 3
10 4 JOHN P. KIBBIE
10 5 HF 882.327 81
10 6 ec/cf/4899